



FINANCE COMMITTEE

CITY COUNCIL

MONDAY, NOVEMBER 15, 2010
CITY COUNCIL OFFICE
5:00 p.m.

Committee Members: F. Acosta, Chair; D. Reed; J. Waltman

Although Council committee meetings are open to the public, public comment is not permitted. However, citizens are encouraged to attend and observe the committee meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the Committee Chair.

- I. Review of October Financial Statements (Balance Sheet & Cash Flow Report) (FI01 & FI04)**
- II. Review IT Report**
 - a. Update on Data Cleansing initiative – 2011 CIP Project**
- III. CD Report**
 - a. Un-programmed CDBG Funds**
 - b. Closing out unpaid CD Loans (CD02)**
 - c. UDAG Fund**
 - 2009 Balance Sheet/Income Statement
 - 2010 Balance Sheet/Income Statement and quarterly report for 2010 showing revenues and expenditures
- IV. Update - Collection Report for Delinquent Taxes and Misc Fines & Fees (RE01)**
 - 1. Per Capita (Linebarger)**

2. EIT(Linebarger)
3. LST(Linebarger)
4. Permits & Miscellaneous(Linebarger)

V. Budget Review

COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
October 18, 2010
4:30 P.M.

COUNCIL MEMBERS PRESENT:

F. Acosta, J. Waltman, D. Reed, S. Marmarou, M. Goodman-Hinnershitz, V. Spencer, D. Sterner

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, D. Cituk, H. Tangredi, C. Younger, D. Kersley, F. Denbowski, C. Weidel, C. Geffken

Mr. Acosta called the meeting to order at 4:39 p.m.

I. Budget Review

Mr. Acosta stated that the budget questions would be reviewed as the departments were discussed.

- Mayor's Office Expenses

There was a question regarding the decrease in the salaries line item. Ms. Weidel explained that Mr. Denbowski is paid through the Recycling Fund and that there are no benefits paid to the Gun Coordinator.

Mr. Geffken further explained that a reduction was seen as the salary of the Mayor's Chief of Staff salary was not included.

Mr. Waltman questioned how Mr. Denbowski could continue to be paid through the Recycling Fund. Mr. Geffken stated that Mr. Denbowski still has responsibilities in the Solid Waste office.

Ms. Goodman-Hinnershitz expressed her belief that the offices of Mayor, Council and Administrative Services should be restructured for staff sharing and other synergies. She noted the need for better teamwork. She stated that citizens often wander the building and that services should be more organized. She asked Council to consider this staff sharing as a possible way to reduce expenses.

Mr. Spencer stated that this issue can be discussed. However, he reminded all in attendance that some staff is specified in the Home Rule Charter.

Ms. Goodman-Hinnershitz suggested that this issue be revisited.

Mr. Marmarou questioned how long it would take to change the Charter. Mr. Spencer stated that a referendum would need to be placed on the ballot at the spring election.

Mr. Spencer questioned why Mr. Denbowski's salary could not be divided between the Recycling Fund and General Fund. Mr. Geffken stated that salaries cannot be divided and should be paid completely by one fund.

- Council Office Expenses

Ms. Kelleher questioned where the Granicus maintenance agreement was included. Mr. Geffken explained that the upgrade to Council chambers was completed through capital improvements funding. He stated that this would need to be added as a 2011 expense in the Council budget. Mr. Tangredi suggested adding a new line item in the Council budget.

Mr. Acosta questioned how this funding would be allocated. Mr. Geffken stated that the \$7,800 will be allocated or new revenue found.

Mr. Waltman questioned if the decision to reduce Council staff was discussed with the City Clerk. Mr. Geffken stated that it was not. He stated that the decision was based on an analysis of other City departments.

Mr. Acosta stated that the Charter indicates that each elected official is entitled to staff. He stated that he understands the financial condition of the City but expressed his belief that this comparison may be inaccurate. He stated that the Administrative Assistant is bilingual and she assists many residents in this capacity. He stated that her loss will cause many problems until the language barrier is eliminated.

Ms. Goodman-Hinnershitz stated that this was one reason why she suggested that several departments share administrative staff.

Mr. Spencer stated that Council staff produces a report monthly which describes their work. He noted his concern that a decreased staff will cause much work to go undone. He suggested that Councilors review the monthly staff reports.

Ms. Reed stated that other departments are being asked to sacrifice and Council should not be immune. She agreed that administrative staff should be restructured to allow for bilingual coverage.

Mr. Waltman stated that even with the Call Center, many citizens seek the assistance of Council (through Council staff). He noted that sharing staff may work for other departments but not with Council staff as they are currently not allowed to speak with other staff members in Administration offices.

Mr. Geffken suggested keeping a running total of potential changes to compare to revenues and prioritize.

Ms. Reed questioned what was paid through the Community Promotions line item. Mr. Geffken deferred to Ms. Kelleher. Ms. Kelleher stated that it had been used in the past to sponsor the holiday parade and other community events. She stated that she has reduced her spending in this line due to the City's financial condition. She suggested that this line item be reduced to \$3,000.

The majority of Council agreed to reinstate the Administrative Assistant in the Council office. Mr. Geffken stated that an allocation of approximately \$50,000 for salary and benefits will be needed.

- Auditor's Office Expenses

Mr. Geffken explained that the salary line item contained a typo and should be \$100,812. This has been corrected.

Mr. Cituk reminded all that his salary increases in 2011 per Ordinance 29-2007.

Mr. Waltman requested a list of aggregate expenses. He noted the need to discuss healthcare, fringe benefits and pension costs. Mr. Geffken stated that he would provide this list. He stated that healthcare costs will be difficult to track due to some employees' contribution to healthcare in 2011.

- Managing Director's Office Expenses

Mr. Acosta stated that there is a salary line item but no Managing Director. Mr. Geffken stated his hope that a Managing Director would be hired in February or March. He stated that the contracted services line item of \$10,000 is to pay the consultant to perform the search.

Mr. Spencer questioned the elimination of the ICMA Pension line item. Mr. Geffken stated that this would be negotiated by the Mayor during the hiring process. He stated his belief that this is a luxury since the Managing Director would be in the City pension.

Mr. Sterner stated that the salaries line item is stagnant but that fringe benefits are increasing by differing amounts in respective departments. Mr. Geffken stated that healthcare costs are rising 23.6% in 2011. Mr. Sterner then questioned why some are increasing over 50%.

Ms. Goodman-Hinnershitz noted the need for Council to have an explanation of employee benefits.

Mr. Sterner questioned why the percentage increase varied by department. Mr. Geffken stated that it was based on a percentage of salary.

- Director of Administrative Services' Office Expenses

Mr. Geffken stated that part of the Controller's salary will not be covered by State grants. He stated that the salary will be \$75,000.

Mr. Spencer questioned if the City planned to retain this position after recovery. Mr. Geffken stated his hope that the City would have a long-term plan in place at that time and that would determine if the position is retained.

- Citizen's Services Center Expenses

Mr. Geffken stated that the Administration wishes to move this project forward. He stated that this approach would better handle citizen's needs, would allow citizens to receive

assistance until 5 pm, and would achieve several Recovery Plan goals. He stated that this would expand the Call Center and would be cost neutral. Services offered would be bill payments, permits, applications, etc.

Mr. Geffken stated that this one department would be able to provide all citizen services without the citizen having to travel from department to department throughout City Hall. The Center would be located in the Penn Room and parking would be made available on 8th St. He stated that the Codes office would move to the Treasury office and that this would make the City more responsive to citizens and would save the City money.

Mr. Waltman asked for an explanation of the funding. Mr. Geffken stated that the Call Center was funded at \$160,000 in 2010. He stated that the Recovery Plan states that this same amount must be found in the City budget to retain it. He stated that the elimination of the Tax office, Treasury office, and Call Center, there is a total savings of \$559,000. Mr. Geffken noted the need for the City to move services in this direction. Mr. Waltman reminded Mr. Geffken that the City will also be losing \$500,000 in collections from the Reading School District, so the move isn't cost neutral as presented.

Ms. Goodman-Hinnershitz stated that City employee culture resists change. She noted the need to justify the changes to sell it to employees and residents. She suggested that the City analyze the number of people who visit City offices, the number of people working in those offices and the bilingual needs of citizens. Mr. Geffken stated that the union is in favor of the job descriptions for Municipal Aide and that discussions are continuing.

Mr. Spencer questioned how the City would handle the bidding and bumping of union employees. He stated that this would affect both AFSCME locals. Mr. Geffken stated that they are working with the unions.

Ms. Reed stated that the cost savings, including construction costs, needs to be communicated to citizens.

Mr. Geffken stated that this change would also increase security in City Hall.

Mr. Sterner expressed his agreement with the concept of the Center but noted that the Call Center is currently ineffective. He questioned how this would provide better customer service. Mr. Geffken stated that all seven Aids will be cross trained.

Mr. Spencer stated that a security study was performed on City Hall. He stated that there was a cost associated with the increased security. Mr. Geffken stated that these costs are not included in the 2011 budget but would be a next step.

Mr. Waltman reminded Council that the Recovery Plan calls for the elimination of the Call Center unless the \$160,000 is found in other areas of the budget not included in the Recovery Plan. He stated that transferring the Call Center and Tax offices should not be included in the costs savings as these are called for in the Plan. He stated that the Recovery Plan is breaking down and that all decisions need to be made in consideration of the Plan. Mr. Geffken stated that three positions are being eliminated and not transferred to the Center. He stated that the costs savings from these three positions is \$183,000. The responsibilities will be transferred to the Center.

Mr. Spencer noted his concern with spending a million dollars to reconfigure the building with no guarantee that the Center's goals are achievable. Mr. Kersley stated that the City is currently evaluating the functions of the Center and developing standard operating procedures. He noted that training will be needed and that there will be issues related to the bidding and bumping. He noted his hope that training begin before the Center opens.

Mr. Acosta noted his concern that City employees who refuse to do the work will be assigned to the Center. He questioned if there are specific qualifications to assist in the bidding and bumping process. Mr. Kersley stated that there were. Mr. Geffken added that the unions have agreed with the job descriptions.

Mr. Acosta questioned how the Administration would assure that those who qualify will perform the work assigned. Mr. Geffken stated that there would be a probationary period and discipline if necessary.

Ms. Goodman-Hinnershitz questioned how many in the Center would be bilingual. Mr. Kersley stated that four of the eight positions would be bilingual.

Mr. Waltman stated that the Recovery Plan is requiring more of many people. He noted the need for the City to provide better services.

Mr. Sterner questioned when the Center would begin operation. Mr. Geffken stated that it would begin on January 1. He stated that it will be located in the current Tax and Treasury offices until construction is complete.

Mr. Spencer stated that Council would be taking a walk of faith if approval of the Center is given. He reminded Council that there was a greeter/information desk available to visitors in the past.

Ms. Goodman-Hinnershitz stated that this may be an issue where Councilors agree to disagree. She noted the need to buy into centralizing services.

Ms. Kelleher questioned if the Center would be collecting the commuter tax. Mr. Geffken stated that it would not.

Mr. Geffken stated that eliminating the Call Center, Treasury and Tax would save \$1.3 million and opening the Services Center would cost \$778,000. Mr. Waltman again noted the loss of \$500,000 in revenue from the Reading School District that alters these figures.

- Purchasing Office Expenses

Mr. Geffken explained that temporary wages were added to allow for coverage during illness and vacation as this is a one person office. He stated that he has also increased the amount paid to the person performing in-house duplication.

Ms. Kelleher stated that benefits in this department could be reduced as the purchasing office manager is married to another City employee and health benefits would only need to be paid one time.

The increase in general plant supplies was questioned. Ms. Katzenmoyer explained general plant supplies and how the Purchasing department covered costs of certain items used by all departments throughout the City.

Ms. Goodman-Hinnershitz questioned if an amount was calculated to take Council paperless. Ms. Kelleher stated that this was done several years ago but Chambers was not upgraded for technology. Mr. Geffken stated that Chambers now has wireless access. Mr. Tangredi stated that he can grant access to sign onto the system if he is given the MAC number from the laptop.

- Accounting Expenses

Mr. Geffken explained that the increase in salaries is for union positions.

The meeting recessed at 6:15 pm and will reconvene as the Finance Committee.

Respectfully Submitted
Linda A. Kelleher, CMC City Clerk

City of Reading, PA
General Fund Income Statement
Month Ending October 31, 2010

	2010 Budget	2010 Year to Date	% of Budget
<i>Revenues</i>			
Real Estate Taxes	16,741,240.00	15,985,227.22	95%
Act 511 Taxes	16,532,552.00	12,924,178.03	78%
Licenses, Permits, Fine	6,038,671.00	4,008,119.75	66%
Intergovernmental	6,583,920.00	5,167,220.69	78%
Charges for Services	2,324,661.00	1,389,321.91	60%
Interest and Rent	1,107,000.00	728,241.39	66%
Other	5,113,516.00	1,576,437.34	31%
User Fees	3,135,000.00	1,815,220.00	58%
Grants and Gifts	313,250.00	140,057.19	45%
	\$	\$	
<i>TOTAL REVENUES</i>	57,889,810.00	43,734,023.52	76%

Expenditures

Mayor	311,400.00	220,561.82	71%
City Council	262,390.00	201,472.25	77%
City Auditor	137,630.00	113,945.30	83%
Managing Director	274,862.00	195,464.97	71%
Finance	4,222,201.00	3,178,507.85	75%
Public Works	6,096,553.00	4,748,895.30	78%
Police	24,250,391.00	18,232,957.92	75%
Fire	14,668,024.00	11,572,183.61	79%
Community Development	835,847.00	660,889.56	79%
Human Resources	580,582.00	417,115.44	72%
Law	784,756.00	490,147.53	62%

Library	976,915.00	768,897.74	79%
Non-Departmental	1,195,000.00	1,653,806.75	138%
Board of Ethics	10,000.00	1,370.00	14%
Human Relations Commission	205,044.00	160,407.72	78%
Debt Service	8,305,780.00	5,013,606.21	60%
TOTAL EXPENDITURES	\$ 63,117,375.00	\$ 47,630,229.97	75%

Excess (Deficiency) of			
Funding Sources of Uses	\$ (5,227,565.00)	\$ (3,896,206.45)	

OTHER FINANCING SOURCES (USES)

Bond Proceeds		0	
Transfers In	7,055,000.00	6,933,333.30	98%
Transfers	(1,827,435.00)	(1,448,695.80)	79%
TOTAL OTHER FINANCING SOURCES	\$ 5,227,565.00	5,484,637.50	

Excess of Revenues and other Financing Sources Over (Under) Expenditures and

Other Financing Uses	\$ -	1,588,431.05	
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City of Reading
Weekly Cash Flow Projection

	Week Ending									
	<u>11/5/10</u>	<u>11/12/2010</u>	<u>11/19/2010</u>	<u>11/26/2010</u>	<u>12/3/2010</u>	<u>12/10/2010</u>	<u>12/17/2010</u>		<u>12/24/2010</u>	<u>12/31/2010</u>
Beginning Cash as of 11/1/10	\$									\$
General Fund Revenues	4,287,028									4,287,028
Real Estate Tax	\$ 66,744	\$ 66,744	\$ 66,744	\$ 66,744	-	\$ 66,744	\$ 66,744	\$ 66,744	\$ 66,744	\$ 533,954
Earned Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Estate Transfer Tax	\$ -	\$ -	\$ 182,652	\$ -	\$ -	\$ -	\$ 182,652	\$ -	\$ -	\$ 365,304
Other Act 511 Taxes	\$ 38,878	\$ 38,878	\$ 38,878	\$ 38,878	\$ 45,889	\$ 45,889	\$ 45,889	\$ 45,889	\$ 45,889	\$ 384,955
Prior Year Tax Collections	\$ 34,916	\$ 34,916	\$ 34,916	\$ 34,916	\$ 27,933	\$ 27,933	\$ 27,933	\$ 27,933	\$ 27,933	\$ 279,326
Housing/Rental Permit	\$ 50,000	\$ 160,000	\$ 851,250	\$ 150,000	\$ 6,375	\$ 6,375	\$ 6,375	\$ 6,375	\$ 6,375	\$ 1,243,125
Licenses, Permits & Fees	\$ 89,574	\$ 89,574	\$ 89,574	\$ 89,574	\$ 71,659	\$ 71,659	\$ 71,659	\$ 71,659	\$ 71,659	\$ 716,594
Sales & Rentals	\$ 57,368	\$ 57,368	\$ 57,368	\$ 57,368	\$ 45,894	\$ 45,894	\$ 45,894	\$ 45,894	\$ 45,894	\$ 458,940
Intergovernmental	\$ 96,362	\$ 96,362	\$ 96,362	\$ 96,362	\$ 482,405	\$ 482,405	\$ 482,405	\$ 482,405	\$ 482,405	\$ 2,797,475
Transfers	\$ -	\$ -	\$ -	\$ 322,810	\$ -	\$ -	\$ -	\$ -	\$ 322,810	\$ 645,620
Borrow from EIT Fund	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ 600,000
Other	\$ 104,750	\$ 104,750	\$ 104,750	\$ 104,750	\$ 83,800	\$ 83,800	\$ 16,583,800	\$ 83,800	\$ 83,800	\$ 17,338,000
Total Revenue	\$ 538,592	\$ 648,592	\$ 1,522,494	\$ 961,402	\$ 1,363,955	\$ 830,699	\$ 17,513,351	\$ 830,699	\$ 1,153,509	\$ 25,363,293
General Fund Expenditures										
Payroll	\$ -	\$ -	\$ 1,450,000	\$ -	\$ 1,450,000	\$ -	\$ 1,450,000	\$ -	\$ 1,450,000	\$ 5,800,000
Benefits	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -

		150,000	150,000	450,000	150,000	150,000	150,000		450,000	1,950,000
		\$	\$	\$	\$	\$	\$		\$	\$
Pension	\$ -	-	-	-	-	-	-	\$ -	1,815,600	1,815,600
			\$	\$	\$	\$	\$		\$	\$
Operating Exp.	\$ 110,000		200,000	260,000	110,000	110,000	110,000	\$ 110,000	130,000	1,140,000
		\$	\$	\$	\$	\$	\$		\$	\$
Debt	\$ 1,891,188	281,779	1,627,033	200,000	125,000	-	-	\$ -	3,400,000	7,525,000
		\$	\$	\$	\$	\$	\$			\$
Sewer Fund Reimbursement	\$ -	-	-	-	-	-	-	\$ 7,008,000	\$ -	7,008,000
		\$	\$	\$	\$	\$	\$			\$
Pension Audit Funding	\$ -	-	-	-	-	-	-	\$ 2,200,000	\$ -	2,200,000
		\$	\$	\$	\$	\$	\$			\$
Transfer back to EIT fund	\$ -	-	-	-	-	-	-	\$ 2,100,000	\$ -	2,100,000
		\$	\$	\$	\$	\$	\$			\$
	\$ -	-	-	-	-	-	-	\$ -		-
Total Expenses	\$ 2,151,188	\$ 431,779	\$ 3,427,033	\$ 910,000	\$ 1,835,000	\$ 260,000	\$ 1,710,000	\$ 11,568,000	\$ 7,245,600	\$ 29,538,600
Week end cash (usage)/surplus	\$(1,612,596)	\$ 216,813	\$ (1,904,539)	\$ 51,402	\$ (471,045)	\$ 570,699	\$ 15,803,351	\$ (10,737,301)	\$ (6,092,091)	
Cumulative Cash Position	\$ 2,674,432	\$ 2,891,245	\$ 986,705	\$ 1,038,107	\$ 567,062	\$ 1,137,761	\$ 16,941,113	\$ 6,203,812	\$ 111,721	
11/10/2010 14:55								Ending Cash as of 12/31	\$ 111,721	\$ 111,721